

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 EB-08 COME-00 TRSE-00 /067 W

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P 242215Z MAR 77

FM AMCONSUL MONTREAL

TO SECSTATE WASHDC PRIORITY 8765

INFO AMEMBASSY OTTAWA PRIORITY

AMCONSUL QUEBEC PRIORITY

AMCONSUL TORONTO PRIORITY

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E. O. 11652: N/A

TAGS: PINT, CA

SUBJ: PQ GOVERNMENT REFUSES HELP STEEL PLANT

1. PREMIER LEVESQUE ANNOUNCED LAST NIGHT REFUSAL QUEBEC GOVERNMENT TO GUARANTEE \$7.5 MILLION TO QSP (FORMERLY QUEBEC STEEL PRODUCTS) WHICH BEING REQUIRED BY ROYAL BANK AND BANQUE CANADIENNE NATIONALE IN SUPPORT OF \$42.5 MILLION BANK LOANS. (SEE MONTREAL'S 484, PARA TWO (F)).

2. QSP, WHICH HAS BEEN EXPERIENCING FINANCIAL DIFFICULTIES FOR ALMOST A YEAR DUE INCREASED COST AND FLAGGING MARKET, NOW REPORTEDLY SEEKING FEDERAL INTERVENTION TO STAVE OFF BANKRUPTCY. CLOSING OF PLANT WILL MEAN PROMPT LOSS OF TWELVE HUNDRED JOBS AND POSSIBILITY OF THIRTEEN HUNDRED OTHERS IN SPINOFF INDUSTRIES.

3. COMMENT: DECISION WAS UNDOUBTEDLY HARD BULLET TO BITE FOR SEVERAL REASONS, NOT LEAST RECENTLY ANNOUNCED QUEBEC UNEMPLOYMENT RATE OF ALMOST 10 O/O. MOREOVER, PLANT AND WORKERS IN TAILLON, LEVESQUE'S OWN RIDING, WHERE AS AT LEAST ONE WORKER IS QUOTED AS SAYING, AND MANY IF NOT MOST OTHERS MUST BE THINKING,
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"JEEZ, I VOTED FOR THE GUY*" POLITICAL FALLOUT COULD ALSO COME FROM TWO OTHER DIRECTIONS. FIRST, IF FEDERAL GOVERNMENT SHOULD HAPPEN FIND WAY TO HELP -- SOME WORKERS QUOTED AS "IF RENE CAN'T DO THE JOB, THEN MAYBE WE'LL HAVE TO GET TRUDEAU TO DO IT FOR HIM" -- FEDERALIST FORCES WOULD HAVE MAJOR PROPAGANDA WEAPON IN UPCOMING REFERENDUM. SECOND, GOQ REASONS FOR REFUSAL INCLUDED NOT ONLY "ALLOWING NATURAL ECONOMIC FORCES TO TAKE

THEIR NORMAL COURSE" BUT ALSO FACT THAT GOQ CROWN COPORATION
SIDBEC-DOSCO STEEL OPERATIONS ARE ALSO IN POOR FINANCIAL
STRAITS AND IT COULD NOT SEE ITSELF GRANTING ANY KIND OF SUPPORT
TO PRIVATE INDUSTRY, PARTICULARLY ONE WHICH HAD SOME ELEMENTS OF
COMPETITION WITH THE GOVERNMENT-SPONSORED STEEL OPERATIONS.
LATTER LINE WILL NOT SIT WELL WITH THOSE ALREADY CONCERNED
ABOUT "SOCIALIST" TENDENCY OF THIS GOVERNMENT. FROM ECONOMIC
STANDPOINT, DECISION PROBABLY WELL MADE; FROM POLITICAL STAND-
POINT, IT WAS COURAGEOUS.
HARPER

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Message Attributes

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